

DRAFT:PLC:bao (9 Jul 74)

Honorable Harley O. Staggers, Chairman
Committee on Interstate and Foreign Commerce
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

This is in reply to your request for our comments on H. R. 14135, a bill "To establish a National Resource Information System, and for other purposes."

It is not entirely clear whether information on both domestic and foreign resources is to be subject to the proposed information system. Since resources are inherently international in character and since the activities of foreign affiliates of U. S. firms must be reported, foreign resources appear to be included. Clarifying language on the scope of the bill would be helpful.

If the bill is to be limited to information on domestic resources, we would have no substantive comment to offer since domestic matters are not within our scope of authority. On the other hand, if foreign information is to be included in the proposed National Resource Information System, this Agency would be affected and we have the following comments to make:

a. Certain resources are not separable from the technology used in their extraction and are only recoverable through sophisticated technological processes. An example would be Uranium-235. If information on foreign natural resource processing is to be included in the new information system, perhaps the authority and responsibility of the proposed Bureau

of National Resource Information to collect and report new foreign technological processes should be made clear.

b. In connection with information to be provided by this Agency, certain factors must be considered. The use of foreign intelligence information carries with it the burden of protecting the sensitive Intelligence Sources and Methods utilized in its collection and analysis. Unless satisfactorily protected, sources will dry up and methods may be nullified, with resulting damage to our nation's security interests. These considerations were recognized and validated in the National Security Act of 1947 (50 U. S. C. 403) which in part provides:

"That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure."

c. Finished intelligence, the final analysis and assessment of raw intelligence data, on foreign resources would appear to satisfy the principal objectives of the legislation without jeopardizing the Intelligence Sources and Methods involved. Normally, the original sources involved need not be identified in finished intelligence.

d. Of equal concern is the proposed grant of authority to the Comptroller General to review claims that information is entitled

to be kept secret, and the proposed right of access to agency files by the Director of the Bureau of National Resource Information or his designees.

e. Section 208(f) of H. R. 14135 would require immediate confirmation of any information which comes into the public domain. This would force the confirmation of information which is disclosed without authorization and could aggravate the damage resulting from the initial disclosure. We would urge that this section be struck from the bill.

f. It is noted that Section 209 of the bill establishes criminal penalties for the unauthorized disclosure or theft of national resource information by a Government employee in the interest of deterring such conduct. I am proposing similar legislation concerning Intelligence Sources and Methods which I believe are deserving of the same protection.

Enclosed is a suggested amendment to the bill which would, I believe, satisfactorily resolve the statutory conflict referred to above while preserving the intent and objectives of the legislation.

The Office of Management and Budget advises there is no objection to the submission of this report from the standpoint of the Administration's program.

Sincerely,

W. E. Colby
Director

Enclosure

Suggested Amendment to H. R. 14135

Add as new Section 704 to Title VII:

"INTELLIGENCE SOURCES AND METHODS

"Sec. 704. Consistent with the statutory responsibility of the Director of Central Intelligence for the protection of Intelligence Sources and Methods, 50 U. S. C. 403, national resource information provided by the Central Intelligence Agency for the purposes of this Act shall be as determined by the Director of Central Intelligence and shall be utilized and protected in accordance with his instructions. Further, the provisions of Title II, Sections 207 and 208, Title III, Title VI, and Title VII, Section 702 of this Act shall not apply to the Central Intelligence Agency."

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1. DDS&T 6E45

Att: [redacted]

7/15 R&K

Attached for final coordination prior to submission to the Director is a draft report on H. R. 14135 which reflects your prior comments.

The amendment recommended would allow the Agency to participate in the natural resources information program yet maintain full control over the Agency information to be provided.

Assistant Legislative Counsel

Your comments by 17 July would be appreciated.

cc: OGC
DDM&S
DDI
DDO
NIO/Energy
ISAS/DDM&S

1 to 3:
Well done Pat.
No further comment.
Dick